

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011 (Unaudited)

	<i>As at</i> <i>31/12/2011</i>	<i>As at</i> <i>31/12/2010</i> <i>(Restated)</i>
	<i>RM'000</i>	<i>RM'000</i>
Assets		
Property, plant and equipment	47,833	49,496
Goodwill on consolidation	11,901	11,901
Total non-current assets	59,734	61,397
Receivables, deposits and prepayments	48,476	48,209
Inventories	56,839	61,142
Current tax assets	801	643
Cash and cash equivalents	12,140	9,329
Total current assets	118,256	119,323
Total assets	177,990	180,720
Equity		
Share capital	56,052	56,052
Reserves	63,472	62,696
Total equity attributable to owners of the Company	119,524	118,748
Liabilities		
Deferred tax liabilities	3,577	3,961
Borrowings	3,407	5,582
Total non-current liabilities	6,984	9,543
Payables and accruals	11,115	13,549
Borrowings	40,323	38,424
Current tax liabilities	44	456
Total current liabilities	51,482	52,429
Total liabilities	58,466	61,972
Total equity and liabilities	177,990	180,720
Net assets per share (RM)	1.92	1.91

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and audited financial statements for the year ended 31 December 2010.

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011 (Unaudited)

	3 months ended		Year ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010 (Restated)
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	44,241	35,810	141,990	135,593
Operating profit / (loss)	1,528	956	(120)	(2,699)
Interest expense	(244)	(473)	(1,368)	(1,417)
Interest income	-	102	-	102
Profit / (Loss) before tax	1,284	381	(1,488)	(4,218)
Income tax expense	(37)	375	(185)	195
Profit / (Loss) for the year	1,247	756	(1,673)	(4,023)
Other comprehensive income / (expenses), net of tax				
Foreign currency translation differences for foreign operations	2,449	(3,894)	2,449	(3,894)
Total comprehensive expense for the year	3,696	(3,138)	776	(7,917)
Profit / (Loss) for the year attributable to owners of the Company	1,247	756	(1,673)	(4,023)
Total comprehensive income / (expense) attributable to owners of the Company	1,247	756	(1,673)	(4,023)
Earnings per share attributable to owners of the Company				
Basic earnings / (loss) per ordinary share (sen)	2.22	1.35	(2.98)	(7.18)
Diluted earnings per ordinary share (sen)	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements audited financial statements for the year ended 31 December 2010.

Remark :

The results of 3 months ended 31 December 2010 was not restated.

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011 (Unaudited)

	← <i>Share capital</i> <i>RM'000</i>	<i>Non- distributable Share premium</i> <i>RM'000</i>	→ <i>Exchange fluctuation reserve</i> <i>RM'000</i>	<i>Distributable Retained earnings</i> <i>RM'000</i>	<i>Total equity</i> <i>RM'000</i>
At 1 January 2010	56,052	10,614	5,493	59,415	131,574
Prior year adjustments (note 3)	-	-	-	(4,068)	(4,068)
As restated	56,052	10,614	5,493	55,347	127,506
Total comprehensive expenses for the year					
As previously stated	-	-	(3,894)	(2,791)	(6,685)
Adjustments (note 3)				(1,232)	(1,232)
As restated	-	-	(3,894)	(4,023)	(7,917)
Dividends paid	-	-	-	(841)	(841)
At 31 December 2010	56,052	10,614	1,599	50,483	118,748
At 1 January 2011	56,052	10,614	1,599	50,483	118,748
Total comprehensive income / (expenses) for the year	-	-	2,449	(1,673)	776
At 31 December 2011	56,052	10,614	4,048	48,810	119,524

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements audited financial statements for the year ended 31 December 2010.

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011 (Unaudited)

	<i>As at</i> 31/12/2011 RM'000	<i>As at</i> 31/12/2010 RM'000
Cash flows from operating activities		
Loss before tax from continuing operations	(1,488)	(2,986)
Adjustments for :		
Depreciation of property, plant and equipment	3,295	3,461
Interest expense	1,368	1,417
Interest income	-	(102)
Impairment of goodwill	-	220
Operating profit before changes in working capital	3,175	2,010
Changes in working capital :		
Inventories	3,328	(220)
Receivables, deposits and prepayments	3,618	(3,412)
Payables and accruals	(2,053)	2,739
Cash generated from operations	8,068	1,117
Income tax paid	(1,139)	(323)
Net cash from operating activities	6,929	794
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,932)	(4,941)
Proceed from disposal of plant and equipment	-	12
Interest income	-	102
Net cash used in investing activities	(1,932)	(4,827)
Cash flows from financing activities		
Repayment of term loan	(2,451)	(2,423)
Bank borrowings (net)	3,143	8,531
Drawdown / (Repayment) of finance lease liabilities	(375)	(398)
Dividend paid	-	(841)
Interest paid	(1,368)	(1,417)
Net cash from / (used in) financing activities	(1,051)	3,452
Net increase in cash and cash equivalents	3,946	(581)
Effects of exchange rate fluctuations on cash and cash equivalents	(433)	(514)
Cash and cash equivalents at 1 January	7,671	8,766
Cash and cash equivalents at 31 December	11,184	7,671

The condensed consolidated cash flows statement should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements audited financial statements for the year ended 31 December 2010.

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (Unaudited)

1. Basis of preparation and accounting policies

This interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard ("FRS") 134⁰⁴, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted for annual audited financial statements for the year ended 31 December 2010, except for the adoption of the following Revised Financial Reporting Standards ("FRSs"), Amendments to RFSs and Interpretations with effective from 1 January 2011 :

FRS 1 (Revised)	: First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	: Business Combinations
FRS 127 (Revised)	: Consolidated and Separate Financial Statements
Amendments to FRS 1 (Revised)	: Limited Exemptions from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	: Additional Exemptions First-time Adopters
Amendments to FRS 2	: Share-based Payment
Amendments to FRS 2	: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	: Financial Instruments : Presentation
IC Interpretation 4	: Determining whether an Arrangement contains a Lease
IC Interpretation 12	: Service Concession Arrangements
IC Interpretation 16	: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	: Distributions of Non-cash Assets to Owners
IC Interpretation 18	: Transfers of Assets from Customers
Amendments to IC Interpretation 9	: Reassessments of Embedded Derivatives

The adoption of the above Revised FRSs, Amendments to FRSs and Interpretations does not have significant changes in the accounting policies and presentation of the financial statement of the Group upon their initial application.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2010 was qualified.

3. Prior year adjustments

These represent adjustments made arising from the reconciliation of prior year's inter-company balances carried out in this reporting period. The adjustments relate primarily to foreign exchange losses and purchases under taken up in prior years. In the previous year's audited financial statements and auditors' report, it was reported that there was an amount of RM6.3 million included in the other receivables of the Group which arose from the unresolved inter-company balance reconciliation differences at 31 December 2010.

4. Seasonality of operations

The business of the Group were not affected by any significant seasonal or cyclical factors in the current quarter.

5. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current quarter and the financial period-to-date.

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (Unaudited)

6. Material changes in estimates

There were no significant changes in the nature and amount of estimates used in prior interim reporting or prior financial years that have a material effect on the current quarter and financial period-to-date.

7. Issuances and repayment of debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period.

8. Dividends paid

No dividend has been paid during the current quarter.

9. Segmental information

In presenting geographical information, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Geographical information	Revenue RM'000	Non-current assets RM'000
12 months ended 31/12/2011		
Malaysia	68,104	47,887
United States of America	42,902	-
Europe	12,577	-
Asia (Excludes Malaysia)	18,407	11,847
Consolidated	141,990	59,734
12 months ended 31/12/2010		
Malaysia	69,780	48,944
United States of America	36,936	-
Europe	12,419	-
Asia (Excludes Malaysia)	16,458	12,453
Consolidated	135,593	61,397

10. Revaluation of property, plant and equipment

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2010.

11. Material events subsequent to the end of the reporting period

There were no material events subsequent to end of the current quarter that have not been reflected in the interim financial report.

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (Unaudited)

12. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

13. Changes in contingent liabilities or contingent assets

	31/12/2011 RM'000	31/12/2010 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	82,700	82,700

14. Capital commitments

As at the date of this announcement, the Group has no material capital commitments.

15. Review of earnings and / or revenue of the Company and its subsidiaries for current quarter and financial period-to-date

	3 months ended		period ended	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000 (Restated)
Turnover	44,241	35,810	141,990	135,593
Profit / (Loss) before tax	1,284	381	(1,488)	(4,218)

The Group recorded a 23.54% increase in the turnover to RM 44.24 million for the final quarter ended 31 December 2011 from RM 35.81 million in the corresponding quarter last year. The increase in turnover was mainly due to the higher demand in domestic market for the Chinese New Year celebration in January 2012. The double digit growth is also driven by strong sales performance in export market by the foreign subsidiaries.

The profit before tax increased by RM 0.90 million for the final quarter ended 31 December 2011 to RM 1.28 million as compared to the corresponding quarter last year, this was mainly due to the increase in turnover coupled with the improvement in operation efficiency.

In the opinion of the Directors, the results of the current quarter under review have not been substantially affected by any item, transaction or event of a material and unusual nature.

16. Material change in Profit / (Loss) Before Taxation reported on as compared with the immediate preceding quarter

	3 months ended	
	31/12/2011 RM'000	30/09/2011 RM'000
Turnover	44,241	33,016
Profit / (Loss) before tax	1,284	(1,275)

For the current quarter under review, the Group recorded a profit before tax of RM1.28 million as compared to a loss before tax of RM1.28 million generated in the preceding quarter. The increase in profit was mainly due to the higher turnover achieved by the Group in the current quarter and continuous initiative in embarking on cost reduction measures.

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (Unaudited)

17. Current year prospects

Global economic condition in 2012 are expected to remain challenging. The Board will continue to monitor the Group's operation and to assess for business opportunities. Barring any unforeseen circumstances, the Board is confident that the Group's operating performance will be improved in the coming financial year.

18. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

19. Tax expense

	3 months ended		period ended	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Current tax expense				
Malaysia				
- current	(40)	(25)	-	-
- prior year	-	135	-	135
Overseas	412	445	569	671
	372	555	569	806
Deferred tax expense	(335)	(930)	(384)	(1,002)
	37	(375)	185	(195)

The disproportionate tax charge in relation to the results of the Group for the current financial period to date was mainly due to the availability of tax incentives to certain subsidiaries.

20. Status of corporate proposals announced

There were no corporate proposals that have been announced by the Company as the date of this announcement.

21. Group borrowings

The Group's borrowings as at the end of the current reporting period are as follows :-

RM denominated borrowings	Payable within	Payable after
	12 months RM'000	12 months RM'000
Unsecured		
Bank overdraft	956	-
Term loans	1,871	3,148
Bankers' acceptance	33,205	-
Revolving credit	4,000	-
Finance lease liabilities	291	259
	40,324	3,407

REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (Unaudited)

22. Changes in material litigation

There were no material litigations at the date of this interim financial report.

23. Dividends

The Board of Directors does not recommend any dividend in respect of the financial year ended 31 December 2011.

24. Profits / (Loss) before tax

	3 months ended 31/12/2011 RM'000	Year ended 31/12/2011 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Interest expense	(244)	(1,368)
Depreciation and amortisation	(883)	(3,295)
Provision for and written off of receivables	(455)	(1,213)
Provision for and written off of inventories	(400)	(400)
Foreign exchange gain or loss	(747)	356

25. (Loss) / Earnings per ordinary share

The earnings per share was computed based on the net profit/(loss) attributable to ordinary shareholders divided by the weighted average number of ordinary shares.

	3 months ended 31/12/2011	Year ended 31/12/2011
Profit / (Loss) after tax attributable to owners of the Company (RM'000)	1,247	(1,673)
Weighted average number of shares in issue ('000)	56,052	56,052
Basic earning / (loss) per ordinary share (sen)	2.22	(2.98)

26. Breakdown of realised and unrealised profits / (losses)

The breakdown of retained earnings of the Group as at the reporting date, into realised and unrealised profits / (losses) is as follows :

	Year to date ended 31/12/2011 (RM'000)	Year to date ended 31/12/2010 (RM'000) (Restated)
Total retained profits of the Company and its subsidiaries :		
- Realised	70,465	72,409
- Unrealised	(1,105)	(1,507)
	68,360	70,902
Less : Consolidation adjustments	(20,550)	(20,419)
Total Group retained earnings	48,810	50,483
